



Congressman Stupak discusses prescription drug costs with one of his constituents in Michigan

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Drug Price Comparison - Brand Name vs. Generic

Brand Name	Price	Generic Name	Price	Discount	100 Doses
Zantac	\$303.25	Ranitidine HCl	\$27.00	91%	300 mg tabs
Tagamet	144.26	Cimetidine	28.30	80%	400 mg tabs
Diabeta	72.72	Glyburide	19.00	74%	5 mg tabs
Tegretol	51.77	Carbamazepine	18.50	64%	20 mg tabs
Dyazide	46.28	Triamterene-HCTZ	18.00	61%	37.5-25 mg caps
Sinemet	83.02	Carbidopa-Levodopa	44.01	47%	25-100 mg tabs
Glucophage	130.63	Metformin HCl	85.36	35%	850 mg tabs

Source: drugstore.com (4/17/02)

The Administration's proposed discount card program has no specific provisions encouraging card sponsors to favor the use of lower-cost generic drugs. In the first year after they enter the market, generic drugs are roughly half the price of brand-name drugs. The resulting savings are usually considerably greater than a typical brand-name drug price discount. To promote real consumer savings, a drug discount card program should include incentives for consumers to purchase generic drugs when appropriate.

For example, take the brand price of Tagamet, a drug used to treat heartburn. The brand price of this drug is \$144.26 for 100 400 mg tabs. The generic price of the same prescription is \$28.30, a discount of eighty percent. There is no prescription drug card out there that gives a discount of 80 percent.

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A Status Report on
Health Care
Legislation
in Congress

from
Congressman
Bart Stupak



Congressman Bart Stupak continues work for lower cost prescription drugs

Congressman Stupak sits on the Commerce Committee's Health subcommittee in the House where he is a strong advocate for increased funding for rural areas and lower prescription drug costs for seniors.

Senior citizens in northern Michigan on average pay 98% more for their prescription drugs than large HMOs and insurance plans. Synthroid, a drug used to treat hyperthyroidism, costs seniors an astounding 1288% more than HMO patients.

Responding to this problem, Rep. Stupak has co-sponsored legislation (H.B. 1400) in this session of Congress that will provide substantial reductions in the price of prescription drugs for Medicare beneficiaries by requiring drug companies to offer seniors drugs at the average foreign price. The price of many prescription drugs in Canada and Mexico is often substantially lower than for the same drug in the U.S.

Stupak also supports the Democratic prescription drug plan, which would provide Medicare recipients with a defined benefit that would guarantee access to prescription drugs. The plan would subsidize the cost of drugs for low-income seniors. For seniors with higher incomes, it would share the costs up to a predetermined dollar amount. Finally, it would cover 100% of drug costs for all senior citizens, if the costs exceeded \$4,000 in a calendar year. A vote on this plan is currently being blocked by the Republican House leadership.

The pharmaceutical industry is one of the most profitable in the world. Annual profits for the top 10 companies averaged 28.7% or nearly \$2 billion.



Administration's Prescription Drug Card is not the right solution

In March, the Bush Administration announced its Medicare-Endorsed Drug Discount Card Program. This program would be available to all Medicare beneficiaries, who would then have the option to enroll in one of numerous "Medicare-Endorsed" prescription drug cards.

Beneficiaries would be permitted to enroll in only one Medicare-Endorsed card at a time but would have the opportunity to change cards in January and July of each year. Card sponsors would be permitted to charge Medicare beneficiaries a "one-time" enrollment fee of no more than "\$25 in one year."

In exchange, beneficiaries would have access to the "discounted prices" offered by the card sponsor. The Administration estimates that, in the aggregate, beneficiaries could expect to save 12.4 percent on total prescription drug expenditures, under the best of circumstances.

Under questioning from Congressman Stupak in a Health Subcommittee hearing, Dr. McClellan could not guarantee that under the Administration's plan there would be a guaranteed reduction in drug costs for Medicare beneficiaries. The amount of the discount will vary from drug to drug and from plan to plan. There is nothing that requires any

specific drug to be discounted. Furthermore, there is no guarantee that the drug companies even will offer discounts; therefore, it is conceivable that the discounts offered may come entirely from reductions in prices charged by pharmacies, thus hurting the neighborhood pharmacist.

The critical question in assessing the Administration's proposal is whether it will give Medicare beneficiaries substantial discounts and other cost savings. Currently, Medicare beneficiaries can obtain a variety of prescription drug discount cards. However, the real savings those cards offer is questionable. A recent General Accounting Office (GAO) study found that existing drug discount cards save consumers an average of only \$3.31 per prescription, or less than 10 percent in price reductions.

Congressman Stupak voiced support for a different solution modeled on the Veterans Administration system of "group bargaining" for real discounts on prescription drugs. Congressman Stupak said, "With 38 million enrollees, Medicare should be able to bargain for considerably lower prices. Veterans already receive discounted rates on prescription drugs. Why not for Medicare recipients? I will continue to support real prescription drug reform that offers tangible benefits, but not a temporary fix whose benefits no one can determine, let alone guarantee."



Congressman Bart Stupak receives the "Distinguished Community Health Champion Award" for his continued work and advocacy in Congress for increased health care funding in rural areas.